

Testimony of Ken Nelson, Element Markets, LLC regarding

Proposed Substitute Bill No. 1138

**AN ACT CONCERNING CONNECTICUT'S CLEAN ENERGY GOALS**

Energy and Technology Committee

March 19, 2013

Thank you, Chairman Duff, Chairwoman Reed, and members of the Energy & Technology Committee for this opportunity to provide comments on Substitute Bill 1138. I am here today as a member of the CT Thermal Renewable Energy Coalition (CT-REC). We recognize that Connecticut is undertaking a very extensive reform agenda, and we applaud the vision to provide its citizens access to cheaper, cleaner and more reliable energy. However, we must take exceptions that while both the Comprehensive Energy Strategy as well as SB 1139 purports to address energy usage across all of its forms; we see a glaring omission in that there has been no support for the use of clean alternative thermal energy resources. In fact, this bill appears to firmly reject any consideration of support for these technologies within the Renewable Portfolio Standard (RPS).

Many representatives from renewable thermal companies around the state of CT have had multiple discussions with members of this committee and have presented testimony in previous hearings that highlight the many advantages of recognizing these thermal technologies in the RPS. The five commonly recognized renewable thermal technologies (geothermal, solar thermal, biomass, biogas, and bioheating oil) have the potential to immediately increase the percentage of RPS funds spent within the state, immediately reduce the state's greenhouse gas emissions in accordance with the Global Warming Solutions Act, and immediately provide meaningful rate relief by increasing the supply of credits today and thus lowering the cost of ratepayer compliance. While Substitute Bill 1138 may have many long term benefits as currently drafted, I would argue that it does not accomplish any of the aforementioned objectives in the near term.

- 1) The bill focuses on “regional procurement”, presumably Maine wind and Canadian hydro, and does nothing beyond what is already in place with the ZREC and LREC programs to incentivize new in-state resources.
- 2) While large scale hydroelectric assets have many benefits over the long term, it is widely recognized that during the development phase they are significantly greenhouse gas positive as the land for the reservoir is flooded and existing vegetation is destroyed.
- 3) The “phasing out” of existing renewable assets to be replaced by these long term procurements has the potential to keep the ratepayer burden of the RPS exceedingly high during this transition period.

And to be clear, this is not a new, unprecedented idea; CT-REC has submitted to the committee, via a letter to the Committee Leadership, a list of 15 states that already

recognize various forms of thermal technologies within their state RPS programs. Within New England, New Hampshire has passed, Massachusetts has introduced, and Vermont, Maine and Rhode Island are studying renewable thermal credit legislation. The Clean Energy States Alliance, an organization created to share best practices among the states, hosted both a webinar and a panel discussion on the inclusion of non-electric RECs in state RPS programs. Additionally, the National Renewable Energy Lab released a study highlighting the status of these efforts.

Energy officials from the State of Massachusetts have publicly confessed that the lack of any program directed towards renewable thermal technologies is a glaring oversight that they are finally addressing 10 years after the implementation of their RPS. The Massachusetts Department of Energy Resources delivered a very detailed report to the legislature, which we have made available to you. Among their findings, they have determined that since greenhouse gas emissions from buildings represent roughly one half of total emissions, it would be impossible to achieve their reduction targets without relying on renewable thermal technologies to reduce the intensity associated with this sector. Many European countries have reached a similar conclusion.

The Substitute Bill purports to "not pick winners and losers" while at the same time excluding from consideration perhaps one of the most exciting growth areas within the state's renewable energy business community. I wish I had more time to share with you some of the developments in these areas. Just last week my colleague Thomas Jacobsen attended a National Geothermal Summit where Federal Energy Regulatory Commission Chair Jon Wellinghoff told the audience to seek inclusion in state RPS programs as he sees little help from the federal government. I also had the privilege of touring an anaerobic digester operation using wastewater sludge in Columbus Ohio as well as a geothermal project under construction at Ohio State University. These are the types of projects that could and should be supported here in Connecticut; these are projects that serve to demonstrate to its citizens a true commitment to creating a more sustainable energy future, located here, in Connecticut. Once again, thank you for this opportunity and I am available for any questions you may have.

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